



TESTIMONY OF REP. STEVE DOYLE ON AB 431

Thank you Chairman Nass for holding a prompt hearing on Assembly Bill 431, the Small Business Diversification and Market Expansion Initiative. This bill was introduced as a result of a roundtable discussion which Senator Shilling and I held in La Crosse County. The group consisted of representatives from Western Technical College, Workforce Connections, La Crosse County Chamber of Commerce, La Crosse Area Development Corporation, Union official and other members of the Seven Rivers Alliance. Our request to the group was to come up with ideas that could create jobs in both the near and long term future. And we also told them it couldn't cost any money. This bill meets those objectives: it will create jobs. It will not cost any money.

The Small Business Diversification and Market Expansion Initiative will expand the existing scope of Workforce Advancement Training Grants available to Wisconsin technical colleges. Currently, WAT grants are awarded to technical colleges to upgrade the skills and productivity of employees of businesses of not more than 100 employees or which had no more than \$10,000,000 in gross annual income in its most recent fiscal year. This proposal increases the threshold to 250 employees. AB 431 was designed to allow the grants to be expanded to enable both emerging and existing companies to diversify their operations and compete in new markets. One of the concerns discussed at our economic development roundtable was the need for businesses who are struggling in the current economy to change their business model to be able to continue in operation through diversification. Again, this proposal does not add new additional money to the program; it simply allows new uses for the current grant money.

The WAT grant program was created in 2005 Wisconsin Act 25 to help address training needs of Wisconsin business and enhance skills of the workforce. When asked about their experience with the program from the first year of operations, 100% of the employers who participated in the program indicated that the customized training improved employee skills.

In a nutshell, here is the problem: Our tech schools are able to use these grants to retrain workers in small businesses. However, that retraining doesn't always do much to help either the worker or the company. That's because sometimes the company is a start-up still struggling to get a foothold or is an existing company struggling to maintain its market share. Sometimes their competition is domestic; often it is global. Let's say that XYZ company makes widgets. They are very good widgets but the market for widgets has tanked because the Chinese now have superwidgets. Using a WAT grant under the

bill, the tech school can assist XYZ company to retool its operations to now make those superwidgets that are selling like hotcakes. XYZ's existing employees learn a new skill – super-widget making – and XYZ is able to expand its operation and hire ten more employees. The employer wins. The existing employees win. The new hires win. And the state's economy wins.

In recent years a portion of funds available for this grant program have gone unclaimed because companies weren't in a position to either diversify or expand. By broadening the eligibility to include market expansion and business diversification and to include businesses up to 250 employees, the funds that are already available will actually be used.

Everyone agrees that job creation needs to be our number one priority. This bill takes an underused resource and directs it toward that goal without adding one dollar to the budget. I appreciate your consideration of this proposal. Thank you again, Mr. Chairman, for scheduling this hearing.